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FOOTHILLS PIPE LINES (YUKON) LTD.
and
THE ALCAN PIPE LINE PROJECT

GOVERNMENT OF THE NORTHWEST TERRITORIES LIBRARY
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REFERENCE IN THIS BROCHURE TO
THE PROJECT NAME "ALCAN" REFERS
TO THE ALASKA HIGHWAY CORRIDOR

sponsored by
THE ALBERTA GAS TRUNK LINE COMPANY LIMITED
and
WESTCOAST TRANSMISSION COMPANY LIMITED

ctober, 1976

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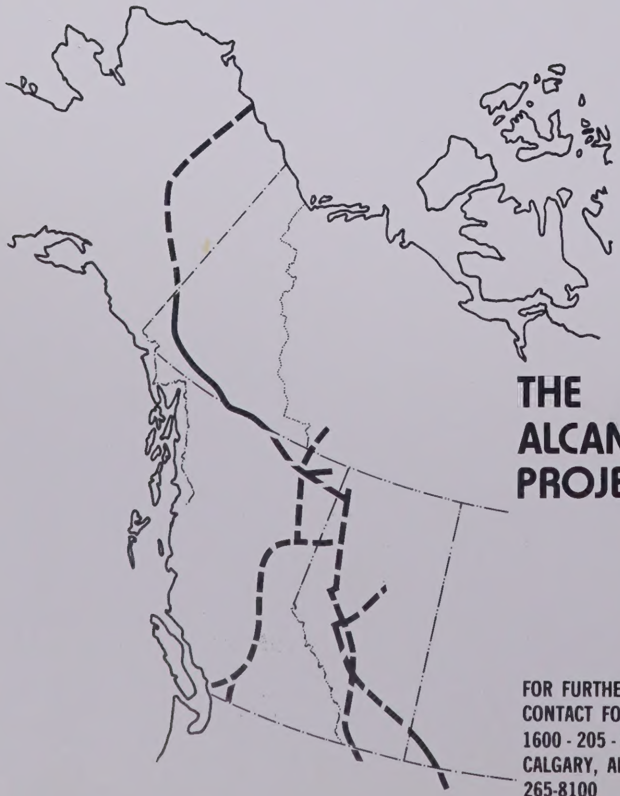

THE ALCAN PIPE LINE PROJECT

FOR FURTHER INFORMATION:
CONTACT FOOTHILLS PIPE LINES
1600 - 205 - 5TH AVENUE S.W.
CALGARY, ALBERTA
265-8100

purpose

1

On May 5, 1976, Foothills Pipe Lines Ltd., The Alberta Gas Trunk Line Company Limited, Westcoast Transmission Company Limited and Northwest Pipeline Corporation entered into a letter agreement setting forth the terms and conditions governing their joint sponsorship of a project for the construction and operation of a pipeline system to transport Alaskan gas to the lower 48 states via the so-called Fairbanks-Alcan Highway Corridor. The Maple Leaf Project, to bring Canadian Delta gas to Canadian markets by a pipeline up the Mackenzie Valley, remains Foothills' principal interest. However, they have chosen to advance the Fairbanks Corridor/Alcan Pipe Line Project for one principal reason. It provides Canada with an alternative means of accommodating the urgent American requirement for Alaskan gas and it allows time to settle the political and social concerns in the Northwest Territories before constructing the Maple Leaf Project.

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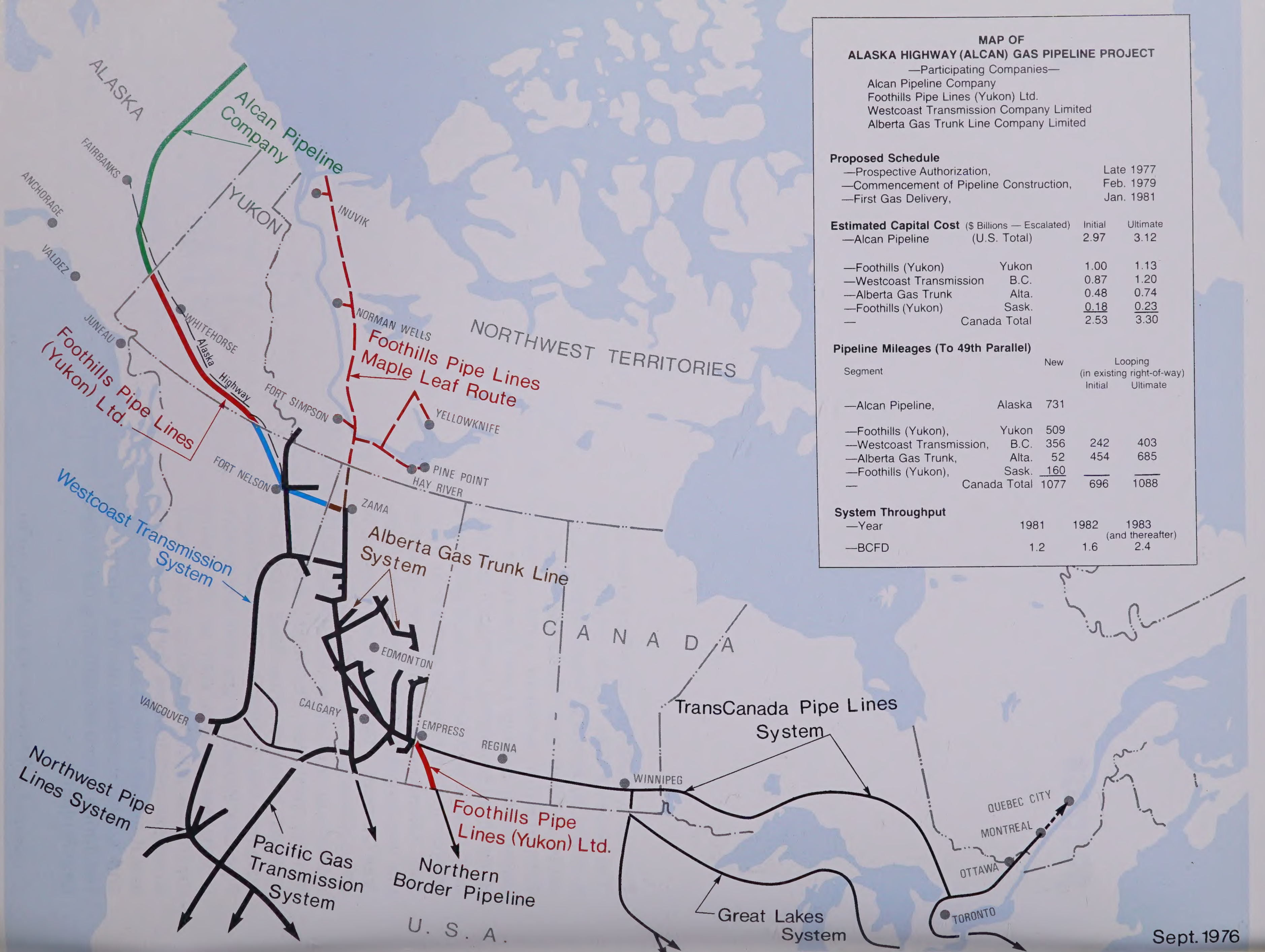

MAP OF ALASKA HIGHWAY (ALCAN) GAS PIPELINE PROJECT

—Participating Companies—

Alcan Pipeline Company
Foothills Pipe Lines (Yukon) Ltd.
Westcoast Transmission Company Limited
Alberta Gas Trunk Line Company Limited

Proposed Schedule

—Prospective Authorization,	Late 1977
—Commencement of Pipeline Construction,	Feb. 1979
—First Gas Delivery,	Jan. 1981

Estimated Capital Cost ($ Billions — Escalated)

		Initial	Ultimate
—Alcan Pipeline	(U.S. Total)	2.97	3.12
—Foothills (Yukon)	Yukon	1.00	1.13
—Westcoast Transmission	B.C.	0.87	1.20
—Alberta Gas Trunk	Alta.	0.48	0.74
—Foothills (Yukon)	Sask.	0.18	0.23
—	Canada Total	2.53	3.30

Pipeline Mileages (To 49th Parallel)

Segment		New	Looping (in existing right-of-way) Initial	Looping (in existing right-of-way) Ultimate
—Alcan Pipeline,	Alaska	731		
—Foothills (Yukon),	Yukon	509		
—Westcoast Transmission,	B.C.	356	242	403
—Alberta Gas Trunk,	Alta.	52	454	685
—Foothills (Yukon),	Sask.	160		
—	Canada Total	1077	696	1088

System Throughput

—Year	1981	1982	1983 (and thereafter)
—BCFD	1.2	1.6	2.4

Sept. 1976

the project

2

The Alcan Pipe Line Project is a plan to connect Alaskan North Slope gas to American markets via new pipelines along the Alyeska pipeline route in Alaska, the Alcan Highway in the Yukon and British Columbia and by way of existing pipeline routes through Alberta and British Columbia.

A buried 42″ diameter pipeline would extend approximately 730 miles from Prudhoe Bay southward along the Alyeska Oil Pipeline Corridor to a point just south of Fairbanks known as Delta Junction, and from there southeasterly, parallel to the Alcan Highway, to the Alaska-Yukon Territory border, where there would be an interconnection with the proposed facilities of Foothills Pipe Lines (Yukon) Ltd. From that point, Foothills (Yukon) would construct a 509 mile, 42″ diameter pipeline which would continue along the Alcan Highway to a point on the Yukon-British Columbia border near Watson Lake. From there Westcoast Transmission would construct a 42″ diameter pipeline to Fort Nelson, British Columbia to connect with its existing facilities. A 36″ diameter extension would be constructed from Fort Nelson to Zama, Alberta to connect with the existing transmission system of Alberta Gas Trunk Line. The portion of this lateral which is located in British Columbia would be constructed by Westcoast Transmission while the Alberta portion would be constructed by Alberta Gas Trunk Line (Canada) Limited. The existing transmission systems of both Westcoast Transmission and Alberta Gas Trunk Line would be expanded to provide capacity sufficient to transport up to 2.4 bcf per day of Alaskan gas for delivery to the lower 48 states. If required, Foothills (Yukon) would construct 160 miles of 36″ diameter pipeline from Empress to Monchy, Saskatchewan to deliver gas to the proposed Northern Border System for eventual delivery to the eastern United States. Foothills expects that the TransCanada PipeLine system to Emerson will be used for this purpose but put forward this alternative if required. It is contemplated that approximately one-third of the gas would go through Westcoast Transmission's system for delivery to the western United States and two-thirds through Alberta Gas Trunk Line's system for delivery to the eastern United States.

ownership and operation

3

The Alcan Pipe Line Project is considered to embrace the new lines required in Alaska, the Yukon, British Columbia, Alberta and possibly Saskatchewan, as well as the necessary expansions of existing systems. The ownership and operation would be comprised of five segments.

First Segment — The 731 miles in Alaska will be owned and operated by Alcan Pipeline Company, a U.S. subsidiary of Northwest Pipeline Corporation.

Second Segment — The 509 miles from the Alaska-Yukon border to a point on the Yukon-British Columbia border near Watson Lake will be owned and operated by Foothills Pipe Lines (Yukon) Ltd., a wholly-owned subsidiary of Foothills Pipe Lines Ltd.

Third Segment — The 259 mile extension into British Columbia to the Westcoast Transmission terminus at Fort Nelson, the 97 mile lateral to the Alberta border and the downstream expansion of the existing Westcoast system in British Columbia will be owned and operated by Westcoast Transmission Company Limited.

Fourth Segment — The 52 mile extension into Alberta to the AGTL pipeline terminus at Zama and downstream expansion of the existing AGTL system in Alberta will be owned and operated by Alberta Gas Trunk Line (Canada) Limited, a wholly-owned subsidiary of The Alberta Gas Trunk Line Company Limited.

Fifth Segment — The possible 160 mile extension through Saskatchewan from Empress, Alberta to Monchy, Saskatchewan, delivering gas to the proposed Northern Border System will be owned and operated by Foothills Pipe Lines (Yukon) Ltd.

corporate

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Foothills Pipe Lines Ltd. is a "special act" company, incorporated by statute of the Parliament of Canada. It has the power, within or outside of Canada, to:

"Construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, hypothecate, create liens or other security upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial, extra-provincial and/or international pipelines and all appurtenances relative thereto . . ."

Foothills is capitalized at 10 million shares, each of a par value of $5.00. There are 4,500 shares issued and outstanding of which 70% are held by, or for The Alberta Gas Trunk Line Company Limited (AGTL) and 30% by, or for The Westcoast Transmission Company Limited (Westcoast). AGTL and Westcoast are generally known as "the sponsor companies". As other sponsor companies join as participants, the AGTL and Westcoast percentages of the issued and outstanding shares will be reduced by transfers to the new sponsor companies.

The Alcan Pipe Line Project will be constructed, owned and operated by Foothills Pipe Lines (Yukon) Ltd., a wholly-owned subsidiary of Foothills Pipe Lines Ltd. The costs of this project are being shared equally by Westcoast and AGTL.

The business affairs of Foothills Pipe Lines (Yukon) Ltd. are directed by a Board of Directors and an executive committee composed of:

* Kelly H. Gibson	(Chairman of the Board of Westcoast)
* S. Robert Blair	(President of AGTL)
* E.C. Phillips	(President of Westcoast)
* R.L. Pierce, Q.C.	(Executive Vice-President of AGTL)
* R.M. Rutherford	(Executive Vice-President of Foothills)
Austin Taylor	(Vice-President and Partner of the firm of McLeod, Young, Weir & Company in Vancouver)

The company has a normal complement of officers headed by S.R. Blair as President and R.M. Rutherford, Executive Vice-President and senior full-time operating officer.

The preparatory work for both the Maple Leaf Project and the Alcan Pipe Line Project is being done by the present staff of Foothills Pipe Lines Ltd. with assistance when requested from the staffs of AGTL and Westcoast. There are 72 full-time experienced and qualified employees working in the Foothills Company on the two pipeline projects. In addition Foothills is using the services of many Canadian consulting firms.

* Denotes members of executive committee

sizing and timing

5

Engineering and cost calculations have demonstrated that the appropriate pipeline size for the Foothills' line in the Yukon is 42 inches outside diameter with an operating pressure of 1250 pounds per square inch. The specifications of the pipe and compressor stations are standard and conventional. Proper scheduling of construction of the new lines and expansion of the existing systems will make it possible to have all of the pipe laid in Canadian territory manufactured in Canadian mills. This will also allow the establishment of complete manufacturing of compressors and most other equipment in Canada. A carefully prepared construction schedule will enable maximum employment of Canadian construction crews and organizations.

Foothills and its two corporate shareholders are satisfied that, taking into account a reasonable estimate of the time required for regulatory hearings prior to certification, construction of the Alcan line could commence in February of 1979.

The Alcan Project would be completed for the first flows of Alaskan gas by January 1, 1981. The construction schedule incorporates a three-year buildup in volume from 1981 to 1983. The buildup schedule is designed to take maximum advantage of spare capacity which will develop in the existing AGTL and Westcoast systems as the daily deliverability capacity of the conventional sources of gas declines.

financing

6

The initial capital expenditure required in Canada is $2.54 billion of which $1.35 billion is for expansion of the existing systems of Westcoast and AGTL. $1.18 billion is needed for the new systems of Foothills Pipe Lines (Yukon) Ltd. These initial figures are more significant than the final capital expenditures as this is the amount that has to be financed to get the Canadian aspect of the project into operation in 1981. The capital required to expand the initial systems to full capacity will be provided out of internal cash generated after the line comes into operation.

The estimated total capital expenditure required to reach full capacity for the Alcan Pipe Line Project will be $6.42 billion, escalated to the year of construction. The Canadian portion will be $3.31 billion.

estimated capital cost ($ billions)

		1975	Escalated Initial (1981)	Escalated Ultimate (1987)
Alcan Pipeline	(U.S. Total)	2.328	2.97	3.12
Foothills (Yukon)	Yukon	.893	1.01	1.14
Westcoast Transmission	B.C.	.805	0.87	1.20
Alberta Gas Trunk Line	Alta.	.547	0.48	0.74
Foothills (Yukon)	Sask.	.176	0.18	0.23
	Canada Total	2.421	2.54	3.31

To finance its share of initial capital expenditures, Foothills Pipe Lines (Yukon) Ltd. plans financing in the ratio of 25% equity and 75% debt.

advantages

8

Some of the advantages of this project are:

1. Accommodates urgent United States' needs without forcing Canada to make a premature decision that is not in its own best interests.

2. Follows an established transportation corridor through Alaska and the Yukon.

3. Avoids the need to construct a major pipeline across the environmentally sensitive North Slope of Alaska and Canada and across the Mackenzie Delta.

4. Utilizes existing Canadian transmission systems to the fullest extent possible. This will minimize initial capital requirements and make financing of the overall project much easier.

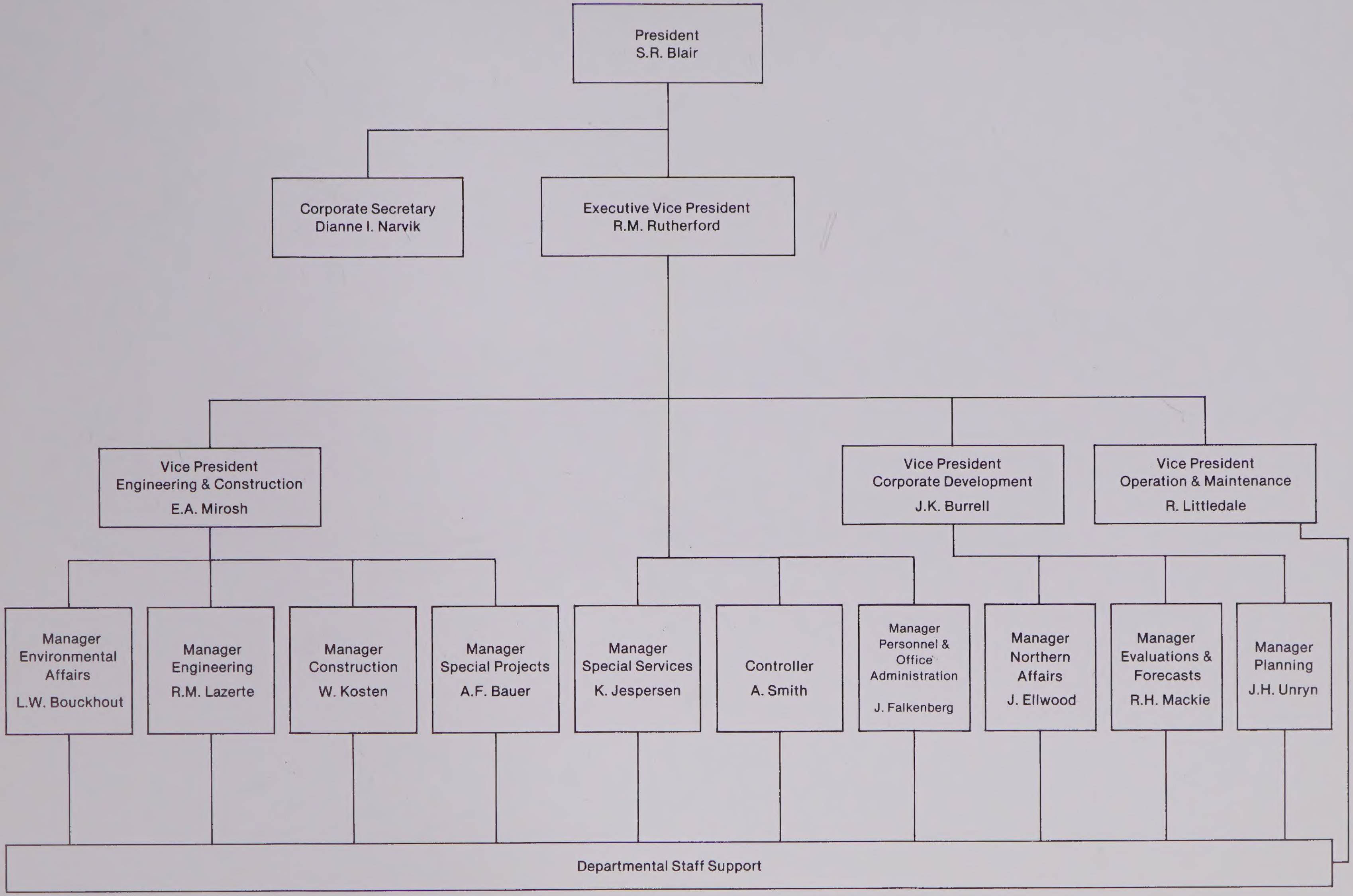
5. Provides major benefits to Alaska — gas supply and industrialization potential.

6. Provides the U.S. with the quickest means of obtaining Prudhoe Bay gas.

7. Provides natural gas to most residents of the Yukon.

foothills pipe lines ltd.

(parent company of Foothills Pipe Lines (Yukon) Ltd.)



* Organization prior to certification

Date Due

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